September 26, 2018 Work Session

The work session meeting of the Council of the City of Martinsville, Virginia was held on September 26, 2018 in Council Chambers, Municipal Building, at 7:00 PM with Mayor Gene Teague presiding. Council Members present included Gene Teague, Jim Woods, Jennifer Bowles, Kathy Lawson and Chad Martin. Staff present included City Manager Leon Towarnicki, Assistant City Manager Wayne Knox, City Attorney Eric Monday, Clerk of Council Karen Roberts, Police Chief Eddie Cassady and Finance Director Linda Conover.

Mayor Teague called the meeting to order and advised Council would go into Closed Session beginning at 6:00 PM. In accordance with section 2.1-344 (A) Code of Virginia (1950, and as amended) and upon a motion by Council Member Lawson, seconded by Council Member Bowles with the following 5-0 recorded vote: Council Member Bowles, ave; Mayor Teague, aye; Council Member Woods, aye; Council Member Lawson, aye; and Vice Mayor Martin, aye. Council convened in Closed Session to discuss the following matters: (A) Consultation with legal counsel and briefings by staff members, attorneys or consultants pertaining to actual or probable litigation, or other specific legal matters requiring the provision of legal advice by such counsel, as authorized by Subsection 7. At the conclusion of Closed Session, each returning member of Council certified that (1) only public business matters exempt from open meeting requirements were discussed in said Closed Session; and (2) only those business matters identified in the motion convening the Closed Session were heard, discussed, or considered during the Session. A motion was made by Council Member Bowles; seconded by Council Member Lawson, with the following 5-0 recorded vote in favor to return to Open Session: Council Member Bowles, aye; Mayor Teague, aye; Council Member Woods, aye; Vice Mayor Martin, aye; and Council Member Lawson, aye.

No action was taken from Closed session.

<u>Conduct a work session on reversion</u> – City Manager Towarnicki presented information related to the previous studies on Martinsville City reversion.

# September 26, 2018 Work Session MARTINSVILLE REVERSION STUDY: PROJECTED VERSUS ACTUAL OVERVIEW REVENUE SUMMARY Vojected Revenue 2014 2015 2016 2017 2018 2019 Projected Revenue 25,540,618 25,596,87 25,556,745 25,516,733 25,477,064 25,437,838 Actual Revenue 28,072,761 26,899,011 27,144,033 29,458,508 30,843,845 29,466,946 VARIANCE 2,432,143 1,302,134 1,587,288 3,941,775 5,366,781 4,029,108 Total General Fund GF Revenue Summary 30,000,000 25,000,000 20,000,000 15,000,000 10,000,000

# Revenue Summary Forecast vs. Actual

Total Property Taxes
Total Other Local Taxes
Total Permits, Lic, Fines & Forf.
Total Use of Money & Property
Total Charges & Miscellaneous
Total Recovered Costs
Total State Sources
Total State Shared Expenses
Total Other VA Categorical Aid
Total Federal Sources
Total General Fund

	Comp	arison		Unaudited	Budgeted
FY14	FY15	FY16	FY17	FY18	FY19
Variance	Variance	Variance	Variance	Variance	Variance
54,570	522,903	253,925	454,403	727,323	582,696
171,461	19,734	255,134	408,161	651,126	539,774
(104,916)	(54,655)	(158,955)	(151,244)	(169,468)	(393,513)
145,514	(77,767)	228,866	313,576	483,434	384,215
67,096	36,310	10,286	1,259,796	1,453,727	1,442,661
(252,227)	488,318	428,492	887,638	978,998	809,177
15,726	14,390	38,983	45,854	36,385	37,589
(77,163)	(36,210)	97,871	117,708	189,947	269,803
448,501	215,944	179,817	215,687	689,191	271,162
1,963,583	173,167	252,869	390,198	326,118	85,544
2,432,143	1,302,134	1,587,288	3,941,775	5,366,781	4,029,108

#### MARTINSVILLE REVERSION STUDY: PROJECTED VERSUS ACTUAL OVERVIEW

#### EXPENDITURES SUMMARY

		2014	2015	2016	2017	2018	2019
otal General Fund	Projected Expenses	24,056,407	24,528,871	25,059,708	25,598,595	26,145,765	26,702,801
	Actual Expenses	25,937,280	24,419,490	26,030,360	25,208,912	26,812,695	26,472,568
	VARIANCE	1.880.873	(109.381)	970.652	(389.683)	666.930	(230,233)



## Expenditure Summary Projected vs. Actual

Total General Gov	t Admin
Total Judicial Adn	ninistration
<b>Total Public Safet</b>	У
Total Public Work	s
Total Health & W	elfare
Total Parks, Rec,	& Cultural
<b>Total Community</b>	Planning
Total General Fun	d

	Compa	rison	Unaudited	Budgeted	
FY14	FY15	FY16	FY17	FY18	FY19
Variance	Variance	Variance	Variance	Variance	Variance
(478,716)	(434,750)	(439,712)	(758,988)	(882,597)	(628,409)
149,863	32,459	204,408	126,347	113,443	155,601
(565,506)	(1,052,682)	(423,911)	(1,057,724)	(1,303,415)	(1,270,395)
(60,985)	(940,138)	290,386	41,141	1,249,498	36,854
(55)	(61)	(104)	(106)	(95)	(110)
261,024	141,553	(146,812)	(236,373)	(278,321)	(271,736)
2,575,248	2,144,238	1,486,397	1,496,020	1,768,417	1,747,962
1,880,873	(109,381)	970,652	(389,683)	666,930	(230,233)

### MARTINSVILLE REVERSION STUDY: PROJECTED VERSUS ACTUAL OVERVIEW

		2014	2015	2016	2017	2018	2019
Total General Fund	Projected Revenue	\$25,640,618	\$25,596,877	\$25,556,745	\$25,516,733	\$25,477,064	\$25,437,838
	Actual Revenue	\$28,072,761	\$26,899,011	\$27,144,033	\$29,458,508	\$30,843,845	\$29,466,946
	VARIANCE	\$2,432,143	\$1,302,134	\$1,587,288	\$3,941,775	\$5,366,781	\$4,029,108

		2014	2015	2016	2017	2018	2019
Total General Fund	<b>Projected Expenditures</b>	\$24,056,407	\$24,528,871	\$25,059,708	\$25,598,595	\$26,145,765	\$26,702,801
	<b>Actual Expenditures</b>	\$25,937,280	\$24,419,490	\$26,030,360	\$25,208,912	\$26,812,695	\$26,472,568
	VARIANCE	\$1,880,873	(\$109,381)	\$970,652	(\$389,683)	\$666,930	(\$230,233)

		2014	2015	2016	2017	2018	2019
Total General Fund	Projected Rev vs. Exp	\$1,584,211	\$1,068,006	\$497,037	(\$81,862)	(\$668,701)	(\$1,264,963)
	Actual Rev vs. Exp	\$2,135,481	\$2,479,521	\$1,113,673	\$4,249,596	\$4,031,150	\$2,994,378
	VARIANCE	\$551,270	\$1,411,515	\$616,636	\$4,331,458	\$4,699,851	\$4,259,341

#### updated 09/21/18

Revenue Summary	Base Yr			Forecast		
Reversion Study - Nov. 15, 2013	2014	2015	2016	2017	2018	2019
(prepared by RFC)	Budget	Year 1	Year 2	Year 3	Year 4	Year 5
Total Property Taxes	8,629,000	8,560,254	8,491,478	8,422,720	8,353,960	8,285,30
Total Other Local Taxes	6,075,000	5,994,547	5,914,222	5,834,129	5,754,276	5,674,676
Total Permits, Lic, Fines & Forf.	732,455	774,178	815,880	857,585	899,298	941,023
Total Use of Money & Property	708,207	708,207	708,207	708,207	708,207	708,207
Total Charges & Miscellaneous	354,122	363,338	372,562	381,790	391,005	400,232
Total Recovered Costs	1,267,470	1,263,870	1,263,870	1,263,870	1,263,870	1,263,870
Total State Sources	705,928	704,211	702,491	700,771	699,053	697,339
Total State Shared Expenses	2,936,048	2,931,350	2,926,658	2,921,975	2,917,300	2,912,633
Total Other VA Categorical Aid	4,182,888	4,247,422	4,311,877	4,376,186	4,440,595	4,505,054
Total Federal Sources	49,500	49,500	49,500	49,500	49,500	49,500
Total General Fund	25,640,618	25,596,877	25,556,745	25,516,733	25,477,064	25,437,838
Total Enterprise Funds	26,746,120	26,746,120	26,746,120	26,746,120	26,746,120	26,746,120
Total School Operating Fund	14,916,791	14,943,511	14,970,173	17,996,972	15,023,551	15,050,12

Revenue Summary		Actu	uals		Unaudited	Budgeted
Actual Revenues Received	2014	2015	2016	2017	2018	2019
	Base year	Year 1	Year 2	Year 3	Year 4	Year 5
Total Property Taxes	8,683,570	9,083,157	8,745,403	8,877,123	9,081,283	8,868,000
Total Other Local Taxes	6,246,461	6,014,281	6,169,356	6,242,290	6,405,402	6,214,450
Total Permits, Lic, Fines & Forf.	627,539	719,523	656,925	706,341	729,830	547,510
Total Use of Money & Property	853,721	630,440	937,073	1,021,783	1,191,641	1,092,422
Total Charges & Miscellaneous	421,218	399,648	382,848	1,641,586	1,844,732	1,842,893
Total Recovered Costs	1,015,243	1,752,188	1,692,362	2,151,508	2,242,868	2,073,047
Total State Sources	721,654	718,601	741,474	746,625	735,438	734,928
Total State Shared Expenses	2,858,885	2,895,141	3,024,529	3,039,683	3,107,247	3,182,436
Total Other VA Categorical Aid	4,631,389	4,463,366	4,491,694	4,591,873	5,129,786	4,776,216
Total Federal Sources	2,013,083	222,667	302,369	439,698	375,618	135,044
Total General Fund	28,072,761	26,899,011	27,144,033	29,458,508	30,843,845	29,466,946
Total Enterprise Funds	27,023,774	27,855,926	29,143,014	28,847,107	29,081,024	32,933,799
Total School Operating Fund	15,451,740	15,915,578	16,200,262	15,621,287	16,184,078	16,325,810

Revenue Summary		Compa	arison		Unaudited	Budgeted
Forecast vs. Actual	FY14	FY15	FY16	FY17	FY18	FY19
	Variance	Variance	Variance	Variance	Variance	Variance
Total Property Taxes	54,570	522,903	253,925	454,403	727,323	582,696
Total Other Local Taxes	171,461	19,734	255,134	408,161	651,126	539,774
Total Permits, Lic, Fines & Forf.	(104,916)	(54,655)	(158,955)	(151,244)	(169,468)	(393,513
Total Use of Money & Property	145,514	(77,767)	228,866	313,576	483,434	384,215
Total Charges & Miscellaneous	67,096	36,310	10,286	1,259,796	1,453,727	1,442,661
Total Recovered Costs	(252,227)	488,318	428,492	887,638	978,998	809,177
Total State Sources	15,726	14,390	38,983	45,854	36,385	37,589
Total State Shared Expenses	(77,163)	(36,210)	97,871	117,708	189,947	269,803
Total Other VA Categorical Aid	448,501	215,944	179,817	215,687	689,191	271,162
Total Federal Sources	1,963,583	173,167	252,869	390,198	326,118	85,544
Total General Fund	2,432,143	1,302,134	1,587,288	3,941,775	5,366,781	4,029,108
Total Enterprise Funds	277,654	1,109,806	2,396,894	2,100,987	2,334,904	6,187,679
Total School Operating Fund	534,949	972,067	1,230,089	(2,375,685)	1,160,527	1,275,688

## September 26, 2018 Work Session

Table 4					updated 9/2:	1/18									
	City	of Martinsvil													
		Financial For	recast												
Expenditures by Function	Base Yr	i		Forecast					Ca	pital Re	quests v	s. Actua	l Funding		
Reversion Study - Nov. 15, 2013	2014	2015	2016	2017	2018	2019									
(prepared by RFC)	Budget	Year 1	Year 2	Year 3	Year 4	Year 5		Refuse	Telecom	Water	Sewer	Electric	Total Utilities	Cap Reserve	Gran
Total General Govt Admin	4,131,644			4,449,443	4,559,294		FY14 Requests	230,000	140,100	406,000	661,448	608,100	2,045,648	1,488,087	
Total Judicial Administration	2,015,400	2,064,314		2,166,829	2,219,299		Actual Funding	165,000	185,000	252,000	181,073	433,000	1,216,073	406,000	
Total Public Safety	9,983,923	10,229,135		10,732,482	10,989,982		Variance	-65,000	44,900	-154,000	-480,375	-175,100	-829,575	-1,082,087	
Total Public Works	4,326,584	4,396,593		4,590,508	4,689,116										
Total Health & Welfare	100	102		106	108										
Total Parks, Rec, & Cultural	783,492	788,527		824,312	842,505		FY15 Requests	115,000	208,100	578,000	551,875	518,910	1,971,885	2,086,967	
Total Community Planning	2,815,264	2,814,684		2,834,915	2,845,461		Actual Funding	111,929	185,000	379,000	135,000	537,500	1,348,429	767,770	
Total General Fund	24,056,407	24,528,871		25,598,595		26,702,801	Variance	-3,071	-23,100	-199,000	-416,875	18,590	-623,456	-1,319,197	-
				,,											
Total School Operating Fund	21.277.322	21,700,741	22,126,076	22,550,897	22,974,854	23,399,889									
Total Scribbi Operating Fails	LIJETTIOLE	22,700,742	22,220,070	22,550,057	22,574,034	23,333,003	FY16 Requests	180,000	289,500	962,000	653,000	629,000	2,713,500	2,160,532	
Total Enterprise Funds	25,592,839	23 140 687	23,601,990	24 065 280	24 530 336	24,999,011	Actual Funding	162,500	250,600	697,370	574,000	509,500	2,193,970	1,308,309	
Total Enterprise runus	23,332,033	23,240,007	23,001,330	24,005,200	24,550,550	24,555,011	Variance	-17,500	-38,900	-264,630	-79,000	-119,500	-519,530	-852,223	-
Expenditure Summary			uals		Unaudited	Budgeted									
	2014	2015	2016	2017	2018	2019	FY17 Requests	145,000	433,150	586,000	485,000	524,500	2,173,650	1,910,532	
Actual Expenditures		Year 1	Year 2	Year 3	Year 4	Year 5	Actual Funding	127,500	286,650	428,000	450,000	490,000		577,148	
Total General Govt Admin	Base Year	3,800,766		3,690,455	3,676,697		Variance				-35,000	-34,500		-1,333,384	
Total Judicial Administration	3,652,928 2,165,263	2,096,773		2,293,176	2,332,742			,							
Total Public Safety	9,418,417	9,176,453		9,674,758	9,686,567										
Total Public Sarety Total Public Works				4,631,649			FY18 Requests	629,500	487,000	479,000	616,000	747,500	2,959,000	1,793,841	
Total Health & Welfare	4,265,599	3,456,455		4,631,649	5,938,614		Actual Funding		334,000		315,000	743,000		746,199	
Total Parks, Rec, & Cultural	1,044,516	930,080	659,508	587,939	564.184		Variance		-153,000		-301,000	-4,500		-1,047,642	- (-)
Total Community Planning	5,390,512	4,958,922	4,311,109	4,330,935	4,613,878		Turiance		255,000	-	502,000	1,500	100,000	2,011,010	
Total General Fund	25,937,280	24,419,490		25,208,912		26,472,568									
Total General Fund	25,937,280	24,419,490	20,030,300	25,208,912	20,012,093	20,472,308	FY19 Requests	880,000	440,700	572 000	776,000	795,000	3,463,700	1,836,232	
Tatal fabraci Carantina Ford	21 470 002	22 254 012	22 120 006	21,868,494	22,340,669	22.752.464	Actual Funding	547,000		505,000	524,000			802,605	
Total School Operating Fund	21,478,883	22,354,912	22,138,096	21,868,494	22,340,069	22,753,464	Variance	-333,000			-252,000			-1,033,627	-
					27 772 100	22 222 722	variance	-333,000	-07,000	-07,000	-232,000	-200,000	-323,000	-1,033,027	
Total Enterprise Funds	27,942,206	26,875,457	28,740,102	24,597,953	27,778,489	32,933,799									
Expenditure Summary	-		arison		Unaudited	Budgeted									
Projected vs. Actual	FY14	FY15	FY16	FY17	FY18	FY19									
	Variance	Variance	Variance	Variance	Variance	Variance									
Total General Govt Admin	(478,716)	(434,750)	(439,712)	(758,988)	(882,597)	(628,409)									
Total Judicial Administration	149,863	32,459	204,408	126,347	113,443	155,601									
Total Public Safety	(565,506)	(1,052,682)	(423,911)	(1,057,724)	(1,303,415)										
Total Public Works	(60,985)	(940,138)	290,386	41,141	1,249,498	36,854									
Total Health & Welfare	(55)	(61)	(104)	(106)	(95)										
Total Parks, Rec, & Cultural	261,024	141,553	(146,812)	(236,373)	(278,321)										
Total Community Planning	2,575,248	2,144,238	1,486,397	1,496,020	1,768,417	1,747,962									
Total General Fund	1,880,873	(109,381)	970,652	(389,683)	666,930	(230,233)									
Total School Operating Fund	201,561	654,171	12,020	(682,404)	(634,185)	(646,425)									

Linda Conover went over projected versus actual financial documentation.

MARTINSVILLE	REVERSION STUDY:	PROJECTED	VERSUS AC	TUAL OVER	RVIEW		
		2014	2015	2016	2017	2018	2019
Total General Fund	Projected Revenue	\$25,640,618	\$25,596,877	\$25,556,745	\$25,516,733	\$25,477,064	\$25,437,838
	Actual Revenue	\$28,072,761	\$26,899,011	\$27,144,033	\$29,458,508	\$30,843,845	\$29,466,946
	VARIANCE	\$2,432,143	\$1,302,134	\$1,587,288	\$3,941,775	\$5,366,781	\$4,029,108
		2014	2015	2016	2017	2018	2019
Total General Fund	Projected Expenditures	\$29,870,407	\$30,459,151	\$31,108,594	\$31,768,458	\$32,439,026	\$33,121,927
	Actual Expenditures	\$31,964,423	\$30,857,914	\$31,968,195	\$31,456,118	\$33,885,143	\$32,900,208
	VARIANCE	\$2,094,016	\$398,763	\$859,601	(\$312,340)	\$1,446,117	(\$221,719
		2014	2015	2016	2017	2018	2019
Total General Fund	Projected Rev vs. Exp	(\$4,229,789)	(\$4,862,274)	(\$5,551,849)	(\$6,251,725)	(\$6,961,962)	(\$7,684,089
	Actual Rev vs. Exp	(\$3,891,662)	(\$3,958,903)	(\$4,824,162)	(\$1,997,610)	(\$3,041,298)	(\$3,433,262
	VARIANCE	\$338,127	\$903,371	\$727,687	\$4,254,115	\$3,920,664	\$4,250,827
updated 9/26/18							

September 26, 2018 Work Sessi	on					
Table 4					updated 9/2	5/18
	City of	Martinsville	, Virginia			
	F	inancial Fore	cast			
Expenditures by Function	Base Yr			Forecast		
Reversion Study - Nov. 15, 2013	2014	2015	2016	2017	2018	2019
(prepared by RFC)	Budget	Year 1	Year 2	Year 3	Year 4	Year 5
Total General Govt Admin	4,131,644	4,235,516	4,341,525	4,449,443	4,559,294	4,671,406
Total Judicial Administration	2,015,400	2,064,314	2,115,170	2,166,829	2,219,299	2,272,750
Total Public Safety	9,983,923	10,229,135	10,478,879	10,732,482	10,989,982	11,252,204
Total Public Works	4,326,584	4,396,593	4,492,998	4,590,508	4,689,116	4,789,128
Total Health & Welfare	100	102	104	106	108	110
Total Parks, Rec, & Cultural	783,492	788,527	806,320	824,312	842,505	860,957
Total Community Planning	2,815,264	2,814,684	2,824,712	2,834,915	2,845,461	2,856,246
Local Contribution to Schools	5,814,000	5,930,280	6,048,886	6,169,863	6,293,261	6,419,126
Total General Fund	29,870,407	30,459,151	31,108,594	31,768,458	32,439,026	33,121,927
Total School Operating Fund	21,277,322	21,700,741	22,126,076	22,550,897	22,974,854	23,399,889
Total Enterprise Funds	25,592,839	23,140,687	23,601,990	24,065,280	24,530,336	24,999,011
		, ,	, ,			
Expenditure Summary	Actuals				Unaudited	Budgeted
Actual Expenditures	2014	2015	2016	2017	2018	2019
•	Base Year	Year 1	Year 2	Year 3	Year 4	Year 5
Total General Govt Admin	3,652,928	3,800,766	3,901,813	3,690,455	3,676,697	4,042,997
Total Judicial Administration	2,165,263	2,096,773	2,319,578	2,293,176		2,428,351
Total Public Safety	9,418,417	9,176,453	10,054,968	9,674,758	9,686,567	9,981,809
Total Public Works	4,265,599	3,456,455	4,783,384	4,631,649	5,938,614	4,825,982
Total Health & Welfare	45	41	0	0	13	C
Total Parks, Rec, & Cultural	1,044,516	930,080	659,508	587,939		589,221
Total Community Planning	5,390,512	4,958,922	4,311,109	4,330,935	4,613,878	4,604,208
Local Contribution to Schools	6,027,143	6,438,424	5,937,835	6,247,206	7,072,448	6,427,640
Total General Fund	31,964,423	30,857,914		31,456,118		32,900,208
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## September 26, 2018 Work Session

Total School Operating Fund	21,478,883	22,354,912	22,138,096	21,868,494	22,340,669	22,753,464
Total Enterprise Funds	27,942,206	26,875,457	28,740,102	24,597,953	27,778,489	32,933,799
Expenditure Summary		Comp	Unaudited	Budgeted		
Projected vs. Actual	FY14	FY15	FY16	FY17	FY18	FY19
	Variance	Variance	Variance	Variance	Variance	Variance
Total General Govt Admin	(478,716)	(434,750)	(439,712)	(758,988)	(882,597)	(628,409)
Total Judicial Administration	149,863	32,459	204,408	126,347	113,443	155,601
Total Public Safety	(565,506)	(1,052,682)	(423,911)	(1,057,724)	(1,303,415)	(1,270,395)
Total Public Works	(60,985)	(940,138)	290,386	41,141	1,249,498	36,854
Total Health & Welfare	(55)	(61)	(104)	(106)	(95)	(110)
Total Parks, Rec, & Cultural	261,024	141,553	(146,812)	(236,373)	(278,321)	(271,736)
Total Community Planning	2,575,248	2,144,238	1,486,397	1,496,020	1,768,417	1,747,962
Local Contribution to Schools	213,143	508,144	(111,051)	77,343	779,187	8,514
Total General Fund	2,094,016	398,763	859,601	(312,340)	1,446,117	(221,719)
Total School Operating Fund	201,561	654,171	12,020	(682,404)	(634,185)	(646,425)
Total Enterprise Funds	2,349,367	3,734,770	5,138,112	532,673	3,248,153	7,934,788

Mayor Teague supports the need for an additional meeting to go over the study and other information in more depth. Teague supports an updated study, which could be close to \$20,000 more. Teague asked if Monday and Towarnicki could build an RFP before they update the summary. Council prefers to hold another work session and meet with Robinson Farmer Cox to talk about the assumptions Council prefers to see in the next study. City Attorney Monday explained that state law requires an updated study before Council can petition for reversion.

There being no further business, Council Member Lawson made a motion to adjourn the meeting; the motion was seconded by Council Member Bowles with all Council Members voting in favor. The meeting adjourned at 8:10pm.

Karen Roberts	Gene Teague
Clerk of Council	Mayor